

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**March 25, 2021**

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The following are the minutes from the Buffalo Fiscal Stability Authority (the “BFSA”) March 25, 2021 Board meeting. The Board met via teleconference in compliance with New York State Executive Order 202.1, as amended. The meeting was called to order at 1:02 PM.

**Board Members Present**

Chair R. Nils Olsen, Jr.  
Interim Vice-Chair Jeanette T. Jurasek  
Mayor Byron W. Brown (proxy Estrich)  
Director Frederick G. Floss  
County Executive Mark C. Poloncarz (proxy Swanekamp)

**Board Member(s) Excused**

Director Andrew A. SanFilippo

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Analyst II/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita M. Fortune  
Comptroller Claire A. Waldron

**Additionally Present**

Mr. Richard Grimm, Esq., Magavern Magavern & Grimm LLP  
Mr. Gillian Brown, Executive Director, BMHA  
Ms. Paulette Woods, BCSD Board of Education, Finance Committee Chair  
Mr. Delano Dowell, Deputy Comptroller, City of Buffalo  
Mr. Gregg Szymanski, Investment and Debt Management Officer, City of Buffalo

**Opening Remarks**

Chair Olsen welcomed and thanked everyone for attending the March meeting of the Buffalo Fiscal Stability. He announced the agenda.

Chair Olsen advised that the Audit, Finance and Budget Committee met earlier in the day and authorized the posting of BFSA’s fiscal year (“FY”) 2021-22 Preliminary Budget and the 2022-2025 Financial Plan as prepared by BFSA staff, commencing the public comment period. Any additional comments by Directors should be forwarded to Executive Director Jeanette M. Robe who will circulate updated versions of the budget by email as necessary. Approval of the final budget will be required at the June Board meeting prior to the start of the next fiscal year; no Board action is required at today’s meeting.

The agenda and slides were provided in a separate email to the Directors today. Director Floss stated the BFSA has provided a very tight budget. Chair Olsen agreed and additionally noted a very small staff manages the responsibilities, including the management of debt and the evaluation of the cost-effectiveness of City of Buffalo ("City") vs. BFSA debt issuance. Chair Olsen stated the desire of the BFSA is to work with the City Comptroller's Office on the City's bonding to determine the best approach.

### **Roll Call of Directors**

Chair Olsen deferred to Interim Vice-Chair Jurasek to call the roll of the members, noting the excused absence Director SanFilippo. The meeting commenced noting that Director Floss was en route to ensure quorum.

Erie County Deputy Budget Director, Mr. Benjamin Swanekamp, represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: "...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee...."

### **Recognition of BFSA Secretary George K. Arthur**

Chair Olsen advanced the agenda to recognize the exemplary contributions made by Board Secretary George K. Arthur until his passing on December 25, 2020. Chair Olsen read BFSA Resolution No. 21-01: "Honoring Buffalo Fiscal Stability Authority Secretary George K. Arthur," in its entirety.

Interim Vice-Chair Jurasek made a motion to approve.  
Chair Olsen seconded the motion.

Director Frederick G. Floss entered the meeting at 1:12 PM.

The Board voted unanimously to approve Resolution No. 21-01.

### **Approval of Minutes**

Chair Olsen introduced Resolution No. 21-02: "Approving the Minutes and Resolutions from December 17, 2020."

County Executive Poloncarz made a motion to approve the resolution.

Director Floss seconded the motion.

The Board voted 5-0 to approve Resolution No. 21-02.

### **Other Business**

Chair Olsen gave the floor to County Executive Poloncarz to address the Board. The County Executive provided an update on the recent passage of the U.S. American Rescue Plan of 2021 (the “American Rescue Plan”) and its impact on Erie County and the City of Buffalo in an effort to address financial issues related to the COVID-19 Pandemic. County Executive Poloncarz reviewed the fact that there would be two tranches of the funds released and before the second tranche is released the dollars provided in the first tranche had to be spent down. There are restrictions on the additional aid; however, the U.S. Treasury Department has not released what those restrictions are at this time. Projects that could be addressed with the additional aid include sewer, water, and broadband projects, as well as to address lost income attributed to the COVID-19 Pandemic. These are significant resources being provided to both the County and the City.

Chair Olsen thanked County Executive Poloncarz for his efforts to get the legislation passed in addition to his focus on expanded broadband access to low-income communities.

Director Floss also thanked County Executive Poloncarz and asked if any discussions have taken place between local governments and higher education and offered assistance to facilitate those discussions. County Executive Poloncarz replied additional school aid higher education spending parameters have not been disclosed and agreed that some discussion should be had between local governments and school districts, including higher education. Government entities will have until the end of 2023 to spend down the additional aid.

Commissioner of Administration and Finance Donna Estrich stated the Administration has been in the process of developing a program for sewer, water and broadband with respect to COVID-19 funding.

Interim Vice-Chair-Jurasek asked County Executive Poloncarz for clarification on the amount of funding to be directed towards physical infrastructure. County Executive Poloncarz replied that there is a difference in what the County would be doing vs. what the City would be doing. The County has three active vaccination and testing clinics and additional active daily costs including personal protective equipment associated with COVID-19. Timing will be a major factor in advancing infrastructure projects due to required approvals and monetary disbursement deadlines. A concern with the sewer and water projects is that they need to be planned out and have the appropriate approvals from other government entities, and from a timing perspective projects may not be able to move forward by the time the funds need to be spent down.

### **Buffalo City School District (“District” or “BCSD”)**

#### ***BCSD 2<sup>nd</sup> Quarter Report***

Hearing no additional comments Chair Olsen advanced the agenda to review the BCSD 2<sup>nd</sup> quarter report and the NYS Executive Budget and Federal Stimulus programs as impacting the District and gave the floor to Mr. Nathan Miller for his presentation. Chair Olsen noted that District officials were invited to meet with the BFSa to discuss the financial matters impacting the District including the current status of the financial plan’s gap elimination program, the District’s reopening plan and related costs, and plans and programs to address the achievement gap from the period of school closure. Due to unforeseen circumstances, Superintendent Cash was unable to attend. A future meeting with the District will be scheduled.

Mr. Miller stated significant events occur during the second quarter:

- October 21, 2020 – The Board of Education voted to receive and file the FY 2019-20 Independent Audit.
  - FY 2019-20 closed with a \$42.3M surplus largely due to reduced expenditures from school closures
- November 18, 2020 – The Adopted Budget was modified to redesignate \$29.7M of the U.S. Coronavirus Aid, Relief, and Economic Security Act of 2020 (“CARES”) funding in both General Fund revenues and expenditures to the Special Projects Fund
  - The redesignation was subsequently reversed based on further NYSED guidance
- December 27, 2020 – U.S. Consolidated Appropriations Act of 2021 was signed into law
  - \$0.9T for various COVID-19 relief programs
  - The District’s additional FY 2020-21 funding titled “COVID-19 Supplemental Stimulus” is quantified at \$88.7M
    - FY 2021-22 receipt and structured over two years
- December 31, 2020 – A current fiscal year-end (“CFYE”) favorable budgetary surplus of \$50.4M and a \$0.4M overall surplus was forecasted

Events subsequent to the end of the second quarter were also reviewed including:

- BCSD phased school reopening;
- Governor Cuomo announced state fiscal year 2021-22 Executive Budget which listed District funding at \$785.9M;
- Additional District American Rescue Plan Act grant of \$232.56M

Revenues are forecasted at negative variance of \$2.5M and expenditures are forecasted at a favorable variance of \$52.9M. The District projects a \$50.4M budgetary surplus at FYE and a small operating surplus of \$0.4M.

Erie County Sales Tax is the District’s fourth largest revenue source and is budgeted at \$44.0M. There is a projected favorable variance of \$3.5M, or 8%. The District has historically budgeted conservatively over the past several years which has ended in a favorable variance at FYE. All other revenues are forecasted at \$6.0M, or 31% unfavorable. The District withheld \$6.0M of payments to Charter Schools, attributed to overpayments made by the District to the Charter Schools in previous years. NYSED is anticipated to issue a ruling on the matter and therefore the \$6.0M is not factored into the CFYE projections.

General Fund expenditures for the quarter:

- Total employee compensation
- Total employee benefits
- Payments to Charter Schools
- Debt service
- Transportation
- All other expenditures

Modified total General Fund expenditures were \$954.7M, projected expenditures total \$901.8. A favorable variance of \$52.9M is forecasted for CYE.

The following highlights the favorable budgetary variances projected for CYE:

- Employee compensation - \$12.5M; 170 vacancies at December 31, 2020
- Employee benefits - \$8.0M

Director Floss asked how COVID-19 affects the teacher-to-student ratio. Mr. Miller replied the number of teachers were increased from the adopted to the modified budget. The number of teacher vacancies at mid-year was minor at 13 full-time equivalent employees (“FTEs”). Ms. Robe stated a Special Meeting with BCSD officials to discuss how the Covid-19 Pandemic has impacted District operations will be scheduled.

Interim Vice-Chair Jurasek asked if an invitation will be extended to the Board of Education. Ms. Paulette Woods, Board of Education, Chair of Finance and Operations Committee confirmed that she and Ms. Sharon Belton-Cottman, Board of Education, President, would attend the upcoming Special Meeting. Ms. Woods stated the Board of Education is waiting for Governor Cuomo to release his Executive Budget for State Fiscal Year (“SFY”) 2021-22. The census agreed to wait until the State budget has been released to schedule the meeting.

Chair Olsen held the remaining District reports in abeyance and advanced the agenda.

### **City of Buffalo**

#### ***2nd Quarter Report***

Mr. Link began his presentation by stating the projected FY 2020-21 year-end revenues at the end of the second quarter are \$508.5M, projected expenditures are \$505.9M and the projected surplus is \$2.6M, or 0.5%. The Adopted budget revenues and expenditures were \$519.6M.

#### **Revenues**

FYE total unfavorable revenue projection of (\$11.1) is attributed to the ongoing COVID-19 Pandemic:

- \$7.7M projected to be under budget in Fines
  - \$5.0M – Parking Fines
  - \$2.4M – Moving Violations
  - \$0.3M – Net all other fines
- \$3.0M projected to be under budget in Transfers In from the Parking Enterprise Fund
- \$2.6M projected to be under budget in Service Charges
  - \$1.1M – Parking Meter Fees
  - \$0.5M – Mortgage Default Fee
  - \$0.3M – Foreclosure Fees
  - \$0.2M – Special Event Fees
- \$1.5M projected to be under budget in Interest, Licenses & Permits, and Miscellaneous revenues
  - \$0.8M – Interest
  - \$0.6M – Licenses & Permits
  - \$0.1M – Miscellaneous Revenue

- \$3.7M projected to be over budget in Intergovernmental revenues
  - \$5.0M – Sales Tax
  - (\$1.5)M – Parking surcharge fees
- Subsequent to the release of the second quarter report, significant revenue actions have occurred:
  - The City is expected to receive \$350M in federal emergency aid/stimulus, with the first half expected to be received by May 10, 2020 and the balance of funds to be received in the following fiscal year.
    - The City needs to identify what the funds may be used for and any restrictions applied to them.
    - Based on the receipt of federal aid, a deficit is not projected in 2021-22.
  - Restoration of State AIM, a positive variance of \$24.2M to date, estimated to be a positive variance of \$41.4M by year-end.
    - \$14.8M from June 2020 and \$9.4M in current year to date, compared to City's adopted budget
    - A total of \$95.9M, an additional \$17.2M is expected in June 2021, when compared to the City's adopted budget amount of \$78.7M.
  - Legal action in regard to the Tribal State Compact ("TSC") Casino revenue:
    - The 2<sup>nd</sup> Circuit Federal Court of Appeals affirmed the judgment of the district court's decision that the contractual interpretation was reserved for the arbitration panel.
    - The Seneca Gaming Corporation filed a petition with the U.S. Court of Appeals Second Circuit to rehear the case on the grounds that the arbitration panel's decision circumvented the Department of Interior Secretary's opportunity to review the compact extension.
    - Unknown if/when the Seneca Gaming Corporation will make a payment to New York State in the City's fiscal year.
  - Favorable variance in sales tax projection of \$11.0M

### Expenditures

- FYE total expenditures projection is \$13.7M below the Adopted Budget (2.6% of total budget):
  - \$8.6M total favorable budgetary variance projected for Departmental expenditures
    - Fire department is expected to exceed the budget by \$3.3M
    - Remaining departments projected to be favorable by \$11.9M:
      - Administration and Finance - \$3.2M
      - Public Works - \$3.0M
      - Police department - \$1.4M
      - All other departments - \$4.3M

- \$5.1M total favorable budgetary variance projected for General Charges
  - \$4.6M favorable variance for fringe benefits:
    - \$3.2M combined for retiree and active employee health insurance
    - \$0.9M for workers' compensation insurance payments and \$0.4M for dental insurance
    - \$0.1M for all other fringe benefits
  - \$1.0M favorable variance for utilities
  - \$0.5M unfavorable variance for personal services

At December 31, 2020, the City had 2,688 budgeted full-time equivalents ("FTEs") positions and 2,433 filled FTEs, which is a vacancy of 255 FTEs or a 9.5%. The police department had 798 budgeted FTEs and 746 filled FTEs, a 6.5% vacancy rate of 52 FTEs. The fire department had 742 budgeted FTEs and 712 filled FTEs, a 4.0% vacancy rate of 30 FTEs.

Subsequent to the release of the second quarter report, significant revenue actions have occurred:

- The City is expected to receive \$350M in federal emergency aid/stimulus, with the first half expected to be received by May 10, 2021 and the balance of funds to be received in the following fiscal year
  - The City needs to identify what the funds may be used for and any restrictions that may apply
  - Based on the receipt of federal aid, a deficit is not projected in 2021-22
- The Restoration of NYS Aid and Incentives to Municipalities ("AIM"), a positive variance of \$24.2M to date and is estimated to be a positive variance of \$41.4M by year-end
  - \$14.8M from June 2020 and \$9.4M in current year to date, compared to City's adopted budget
  - A total of \$95.9M, or an additional \$17.2M, is expected in June 2021 as compared to the adopted budget amount of \$78.7M
- Legal action regarding the Tribal State Compact ("TSC") Casino revenue:
  - The Second Circuit Federal Court of Appeals affirmed the judgement of the district court's decision that the contractual interpretation was reserved for the arbitration panel
  - The Seneca Gaming Corporation filed a petition with the U.S. Court of Appeals Second Circuit to rehear the case
  - Unknown if/when the Seneca Gaming Corporation will make a payment to NYS in the City's fiscal year
- Favorable variance in sales tax projection of \$11M

#### Summary and Recommendations

- As of the end of the second quarter, the City was estimating a year-end surplus of \$2.6M. In addition, there were significant events occurring subsequent to the release of the second quarter report.
- The City should continue to closely monitor its unrestricted cash balances as shortfalls were projected in certain months.

### Review of Impact of New York State Proposed Executive Budget

Mr. Link began his review of the proposed NYS Executive Budget and its impact on the City. The budget includes funding to eliminate duplicative and overlapping governments. Shared services are still being encouraged in addition to the elimination of certain levels of government.

Other items of note include:

#### Proposed Revenue Actions:

- Grant Permanent Sales Tax Authority: All counties would be provided permanent authority to set a local sales tax rate of up to four percent.
- Sales Tax Equality for Vacation Rentals: The Executive Budget subjects all hotels, motels, B&B's and all other vacation rentals to State and local sales taxes, in an effort to create a level playing field between traditional hospitality participants and the growing vacation rental sector.
- Collect Sales Tax on Cannabis: Allow local governments to apply their sales tax rate on the legalized sale of cannabis.

#### Local Government Finance:

- Extend Authorization for Local Government Piggyback Contracts: Extends local governments authority to "piggyback" on competitively bid contracts from the federal, state, or local governments for apparatus, materials, equipment, or supplies until July 31, 2023.
- Provide Market Rate of Interest on Court Judgments: Allows a variable market-based interest rate for court judgments as opposed to the current fixed rate of 9 percent.
- County-Wide Shared Services Match: Expands opportunities for local government shared services plans, actions, and State matching funds and would permanently extend the ability for the panels to meet and formulate savings actions plans after 2021.
- Reductions in AIM to Cities: Reduces the amount of Aid and Incentives to Municipalities for cities.
- AIM Related Payments for Towns and Villages: The remaining AIM for the towns and villages will be shifted to AIM Related payments funded by local sales collections.
- Local Government Assistance Program Reductions: As a result of the fiscal crisis, local government assistance payments will be reduced by 5 percent.
- State AIM over the Financial Plan: State AIM for the City of Buffalo is held flat at \$157.3M over New York States Financial Plan, reflecting a reduction of 5%, compared to the previous amount of \$161.3M received by the City. AIM is projected to total \$270.4M in FY2021 and includes the restoration of \$14.8M of AIM from June 2020. A 2.5% decrease from 2019 amount is included in NYS's five-year financial plan beginning in SFY 2022 and is held flat

#### Public Safety

- Strengthen Hiring Standards for Police Officers: Requires all law enforcement agencies to comply with background check standards including a criminal history check, mental health exam review of the police registry for permanent decertification, and disclosure of previous misconduct.
  - Require Accreditation of Police Departments for Background Checks
  - Institute Accreditation Requirements for Police Departments

- Establish Decertification Standards for Police Officers
- Monitorship: The Attorney General to appoint a monitor to oversee police agencies that fail to complete a plan as required by the New York State Reform and Reinvention Collaborative, at the expense to the local government.

Mr. Link stated the new public safety standards were required by Executive Order and municipalities have until April 1, 2021 to put forth a plan. The Administration has been actively working on a plan for the City.

#### AIM Payments to the City of Buffalo:

- Between FY 2012 and FY 2019 the City of Buffalo received \$161.3M in AIM payments from New York State.
  - The amount of \$161.3M is a reduction of \$3.5M from \$164.8M that the City received in FY 2011.
- New York State withheld 20% of the June 2020 AIM payment, which was approximately \$19.7M.
  - The total amount received by the City in FY 2020 was \$141.6M.
- AIM is projected to total \$170.4M in FY 2021 and includes the restoration of \$14.8M of AIM that was withheld in June 2020.
- A 2.5% decrease from FY 2019 amount is included in the State's five-year financial plan, beginning in SFY 2022 and AIM is budgeted at \$157.3M.

#### Federal Aid / Stimulus

- The City is expected to receive \$350M in federal emergency aid/stimulus, with the first half expected to be received by May 10, 2021 and the balance of funds to be received in the following fiscal year.
- There are restrictions on how the additional federal funds may be used, including:
  - For the provision of government services impacted by a reduction in revenue resulting from the pandemic.
  - To make necessary investments in water, sewer or broadband infrastructure;
  - To respond to the COVID-19 public health emergency or its negative economic impacts including assistance to households, small businesses, and non-profits or to assist impacted industries such as tourism, travel and hospitality;
  - For "Premium Pay" to eligible essential workers;
  - States cannot use the funds to directly or indirectly offset tax reductions or delay a tax increase; and
  - States and localities are prohibited from depositing funds into any pension fund.

Hearing no comments Chair Olsen advanced the agenda.

### **Final 2021 Capital Plan and Pricing Differential Analysis**

Ms. Robe stated the initial Capital Budget was reviewed at the December 17, 2020 BFSA board meeting and Common Council subsequently approved the final 2021 Capital Budget in the amount of \$47.2M; total amount is unchanged from Mayor's proposed capital budget. \$2.8M of Citywide infrastructure was specifically designated in the final budget including:

- 9 Council Districts \$300,000 or \$2.7M total
- George K. Arthur Community Center Gym Project \$60,000
- Hank Nowak Park improvements \$82,000

Of the projects approved in 2021, \$15.1M will be sold as bonds. Authorized but unissued will be \$27.7M with \$5.6M scoped into future borrowings. There is no financing plan for the remaining \$22.1M and it is unclear when such projects will be financed. It is recommended that the City develop a formal plan to finance projects on a prioritized basis as well as identify funding sources outside of the sale of debt and consider rescinding projects as appropriate as the capacity for financing is restricted.

Historically, the BFSA issued bonds on behalf of the City from 2004 through 2007. The City began issuing bonds in 2008 as issuing debt was a requirement under the BFSA Act in order to transition into an advisory period. The City has continued to issue bonds since that time. The BFSA inherently provides a more cost-effective financing framework, as the existence of the BFSA benefits the City beyond its ability to sell bonds at a lower cost due to the BFSA's higher credit rating. The City has a tangible benefit in two areas:

1. The credit ratings cite the significance of BFSA's existence
2. The City prices at a price-point that is better than what similar rated bonds price for in the market and this is attributed to BFSA's continued existence and active oversight

Ms. Robe provided a review of credit rating reports of the BFSA and City.

*Fitch* - In September 2020, Fitch downgraded the City to A from A+ and also revised the outlook to negative. This follows a downgrade in 2019 from AA- to A+. Fitch cited overly optimistic revenue assumptions and expected use of unrestricted fund balance to manage the financial downturn and the expectation the City will struggle to regain structural balance. Fitch also wrote it believes the BFSA's advisory role may have a stabilizing effect on the City's operations as there is the ability to reimpose a control period. BFSA's rating of AAA was last affirmed in September 2020.

*Moody's* – The City's rating of A1-stable was reaffirmed in February 2020 and noted the City benefits from state oversight via the BFSA. The rating outlook reflects the expectation that reserves will remain sound through 2021 and management will continue to manage the sizeable budget gaps.

*S&P*- Affirmed the City bond rating of A+ but revised the outlook downward from stable to negative. The negative outlook reflects a 1-in-3 chance S&P would lower the rating during the outlook period which typically spans two years. It also cites uncertainty in the timing of revenue, namely federal aid and casino revenue. Even with one shot revenue from the federal and or state level, concerns around future revenue generation remain. The City's history of

negative operating results in 3 of the last 4 years which resulted in a weakened reserve position. The recent rating report notes that S&P views as a governance opportunity the statutory framework provided by the BFSA providing oversight of the City's operations and budget to ensure the reasonableness of its four-year forecast at adoption.

A review of available savings if issuance was conducted by BFSA since 2008 totaled \$2.7M, or \$258,000 per year.

The pricing differential analysis conducted determined the following:

- If alternate financing were conducted by BFSA: Potential savings to be achieved by having the BFSA issue debt for new money bond sales only:
  - 2014 –2018 cumulative savings estimated at \$2.0M
    - Average annual amount \$193,000
  - 2021 analysis provided estimated savings of \$714,300
    - PV ("Present Value") = \$666,700
    - Annual savings of \$64,936

The pricing differential analysis was submitted to Mayor Brown, the Buffalo Common Council and the City Comptroller to make a determination whether or not to request BFSA to issue debt. This item was brought before the Common Council on March 16, 2021; no action was taken. Council stated it is preserving the ability to request state legislation to early terminate BFSA in 2025 when the final bond payment is made.

The total amount of projects to be funded is \$64.4M with final maturity in 2032. To date, the Comptroller has not submitted the terms of the borrowing to BFSA for review and therefore, the Authority is unable to meet its responsibilities related to the review and comment on the terms of the proposed borrowing as directed in the BFSA Act. A special meeting will need to be held to review the proposed terms once they are submitted.

Hearing no questions or comments Chair Olsen advanced the agenda.

#### Cash Flow Update

Chair Olsen introduced Deputy Comptroller Delano Dowell and Investment and Debt Management Officer Gregg Szymanski to review the City cash flow forecasting process and current cash projections. Director Floss asked more detailed questions concerning the City's forecasting methodologies and a discussion occurred. Mr. Szymanski stated the budget is used as the base for the cashflow. Trends of receipts and disbursements over the past two years are then reviewed to project the monthly totals. Mr. Dowell stated adjustments are made throughout the year based on information available at the time. The cashflow report is public information and sent to the BFSA and filed with the Common Council. In addition, an analysis of year-to-year variances is completed as opposed to only comparing month to month.

Director Floss asked what would trigger the need for the City to borrow to cover cashflow before the federal stimulus is received by the City? Mr. Dowell responded that analysis began at the beginning of the fiscal year but there is no written policy in place. If needed, the Comptroller will have the discussion with the Administration.

BCSD Finance and Operations Chair Woods asked if the City provided notice to the District to advise of cashflow use from the City/District joint account. Mr. Dowell stated a memo is being drafted as requested at a prior meeting with the Comptroller and BCSD members regarding the City drawing from the joint account, including when the funds would be repaid.

Hearing no additional comments or questions Chair Olsen advanced the agenda.

### **Buffalo Urban Renewal Agency (“BURA”)**

#### *Review of 2<sup>nd</sup> Quarter*

Mr. Link reported BURA received HUD allocation entitlement funds for program year 46 2020-21 totaling \$19.4M distributed as follows:

- Community Development Block Grants (“CDBG”) \$14.0M: \$6.6M to BURA and \$7.4M to City of Buffalo
- Housing Opportunities Made Equal (“HOME”) \$3.3M: entire amount to BURA
- Emergency Shelter Grants (“ESGs”): \$819,189: entire amount to City
- Housing Opportunities for Persons With Aids (“HOPWA”): \$1.2M: entire amount to City

CDBG and HOME funds were subsequently adjusted by HUD due to an erroneous calculation. The total reduction was \$2,082.

#### Report highlights:

- No significant variance to expenditures through the end of the second quarter
  - \$5.3M expended through December 31, 2020
- Entitlement Fund - Year 46 funds were released in October 2020
  - Prior year funds utilized to fund current year expenditures to date: BURA’s fiscal year operates July 1 through June 30 and HUD’s federal fiscal year operates October 1 through September 30
  - Adjustment of (\$2,000) due to HUD error
- 33 out of 38 positions filled
  - An additional 3 temporary positions have been added as part of the CARES Act Financial Plan Modification, increasing total employees to 36 out of 41 positions
- Salaries and fringe benefits total \$1.7M
- BURA’s operations are very dependent on HUD funding. Any future reductions will have a negative impact on BURA’s ability to deliver services
- BURA continues to look for additional revenue sources:
  - Cities RISE program (“New York’s Cities for Responsible Investment and Strategic Enforcement”)
  - Local Initiatives Support Corporation
  - Evans Bank

Mr. Link provided an update on multiple ongoing projects that BURA is involved with, including estimated completion date and the amount of support provided by BURA.

#### Summary of revenues and expenditures as of December 31, 2020:

- Revenues: Total budgeted \$4.9M as compared to actual of \$7.9M, a variance of 62.9%. This difference reflects the sale of a property that was not budgeted for, with the remainder of variances attributed to timing and a drawdown of HUD funding.

- Expenses: Total budgeted \$4.7M as compared to actual of \$5.3M, a variance of -8.0%. This difference also reflects a timing issue and the submission of the subrecipient requests to drawdown funding.

Mr. Link reviewed several projects BURA was involved with and provided funding for.

- BURA continues to look for additional revenue sources
- BURA is currently out of contract with CSEA Local 815
- BURA continues to conduct business as usual after Federal execution of a search warrant
  - No restrictions placed on BURA's operations
  - Can draw down and expend funds as needed
- BURA received \$11.4M in CARES Act funding from HUD, and has modified the 2021-2024 Financial Plan to reflect the increase in entitlement funds

#### 2021-2024 Financial Plan Modification

- The CARES Act was passed by Congress and signed into law on March 27, 2020 and allocated a total of \$11.4M in Community Development Block Grant CARES Act ("CDBG-CV") and \$88,742 in Emergency Shelter Grant CARES Act ("ESG-CV") funding.
- The proposed financial plan modification allocates the \$11.4M of CDBG-CV funds over the four-years of BURA's 2021-2024 Financial Plan.
  - The funds are required to be disbursed by January 6, 2027.
- The ESG-CV funds are administered by the City and are not included in BURA's annual budget or financial plan.
- The Common Council approved the receipt of the CARES Act funds and modification to the program year 46 Annual Action Plan.
- The Financial Plan modification was scheduled to be reviewed by the BURA Board of Directors on March 25, 2021
  - The increase ranges from 36.2% to 17.7% over the life of the Financial Plan and funds can be rolled forward if they are not dispersed

#### Conclusions

- BURA has submitted a balanced Modified 2021-2024 Financial Plan.
- The submitted changes reflect the increase of \$11.4M in additional resources provided through the CDBG-CV grant.
  - Outside of the increase for the CDBG-CV funds, there are no changes to revenues or expenditures.
- The level of grant funding will be monitored by BURA and City personnel on an ongoing basis.

Mr. Link turned the floor over to BURA Communications Manager Dana Harris for a presentation on the BURA CARES ACT programs which take a restorative approach based upon an extensive analysis of the impacts the pandemic has had on the City as follows:

- Eviction Prevention
- Foreclosure Prevention
- Fair Housing
- Rental and Owner Housing Rehab
- Microenterprise Assistance

Director Floss offered assistance from Buffalo State to have BURA materials translated into various languages.

Chair Olsen thanked Ms. Harris for her presentation and hearing no additional questions or comments advanced the agenda.

### **Buffalo Municipal Housing Authority (“BMHA”)**

#### *Review of 2<sup>nd</sup> Quarter*

Chair Olsen turned the floor over to Mr. Nathan Miller to begin his presentation. Events that occurred subsequent to December 30, 2020:

#### Significant Subsequent Events

- January 21, 2021 - BMHA Board approved Resolution No. 21.01.21.1, “To Approve the Memorandum of Agreement (MOA) between the Buffalo Municipal Housing Authority and Local 264, White Collar, Blue Collar & Managerial Units and between the BMHA and Local 17-S, International Union of Operating Engineers, Recognizing Juneteenth as an Official BMHA Holiday.”
- February 23, 2021 - HUD announced the award of \$2.7 billion in Capital Fund Program Funding: BMHA’s 2021 award is \$11,792,784

Mr. Miller reviewed the following consolidated revenues:

- Total revenue in 2020-21 adopted budget of \$48.8M
- BMHA reported fiscal year to date revenues of \$24.1M, representing 49.4% of budgeted revenues
  - HUD subsidy is BMHA’s primary funding source at 38% of revenues
  - Net Dwelling/Non-Dwelling Income = 97% of total Marine Drive budgeted revenue
    - If losses are incurred, losses would be funded by through Marine Drive reserves, current year operations of the COCC or through COCC reserves to the extent available:
      - Marine Drive Reserves at 6/30/2020 - \$451,207
      - COCC Reserves at 6/30/2020 - \$867,925

FY 2020-21 consolidated expenditures were as follows:

- Total expenditures in 2020-21 adopted budget of \$47.0M
- BMHA reported fiscal year-to-date expenses of \$22.2M, representing 47.2% of budgeted expenses
- Every personnel line had some level of minor variance
- General expenses were favorable by \$0.6M as compared to budget-to-date
  - Lower legacy costs associated with retiree health claims
  - Payments-In-Lieu-Of-Taxes (“PILOTs”) were favorable by \$0.2M
  - Active employee benefits were unfavorable by \$0.3M
    - 2020-21 adopted budget included 158 FTEs and actual at December 31, 2020 was 145 FTEs, a variance of 13 FTEs.
    - 92% of budgeted positions were filled

#### Conclusions & Recommendations

- BMHA has taken steps to address the Coronavirus Pandemic, both financially and operationally
  - BFSA’s recommends that management continue to take the steps as necessary to manage the impact of the pandemic
- A small level of staff vacancy allowed for favorable budgetary variances related to employee compensation/fringe benefits
  - Primarily AMP blue-collar positions
- Protective Services/Resident Service Costs were less than budget-to-date as BMHA discontinued an intergovernmental service contract with the City
  - A new agreement was agreed to in November 2020 that expands the number and level of service BMHA receives from the City

Hearing no question or comments Chair Olsen advanced the agenda.

#### **BFSA Items**

##### ***Appoint BFSA Secretary***

Chair Olsen requested a motion to appoint Director Frederick G. Floss as Secretary of the Board.

Ms. Estrich made the requested motion.

Chair Olsen seconded the motion.

The Board voted 5 to 0 to approve.

##### ***Reconstitute Governance Committee***

Chair Olsen asked for a motion to reconstitute the Governance Committee with Director SanFilippo filling the vacancy.

Director Floss made the motion as requested.

Interim Vice-Chair Jurasek seconded the motion.

The Board voted 5 to 0 to approve.

### ***Leased Office Space***

Chair Olsen turned the floor over to Ms. Robe to address the Board. Ms. Robe stated new building lease space will be investigated due to the shift in market rate rent and if a favorable space is located, the BFSA will move offices. The BFSA currently leases office space on a month-to-month basis.

Chair Olsen acknowledged the effort to remedy issues within the building.

### **Adjournment**

Hearing no new business Chair Olsen requested a motion to adjourn the meeting.

Director Floss offered a motion to adjourn the meeting.

Chair Olsen seconded the motion. The Board voted 5-0 to adjourn the meeting. The meeting adjourned at 3:25 PM.